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Skagit Regional Planning Council
Overall Economic Development Program and
Comprehensive Economic Development Strategy
1978

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SKAGIT REGIONAL OVERALL ECONOMIC DEVELOPMENT PROGRAM
(INCLUDING THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY),
1978/79

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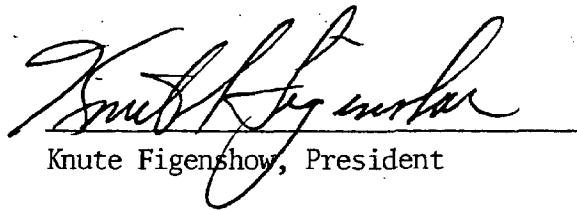
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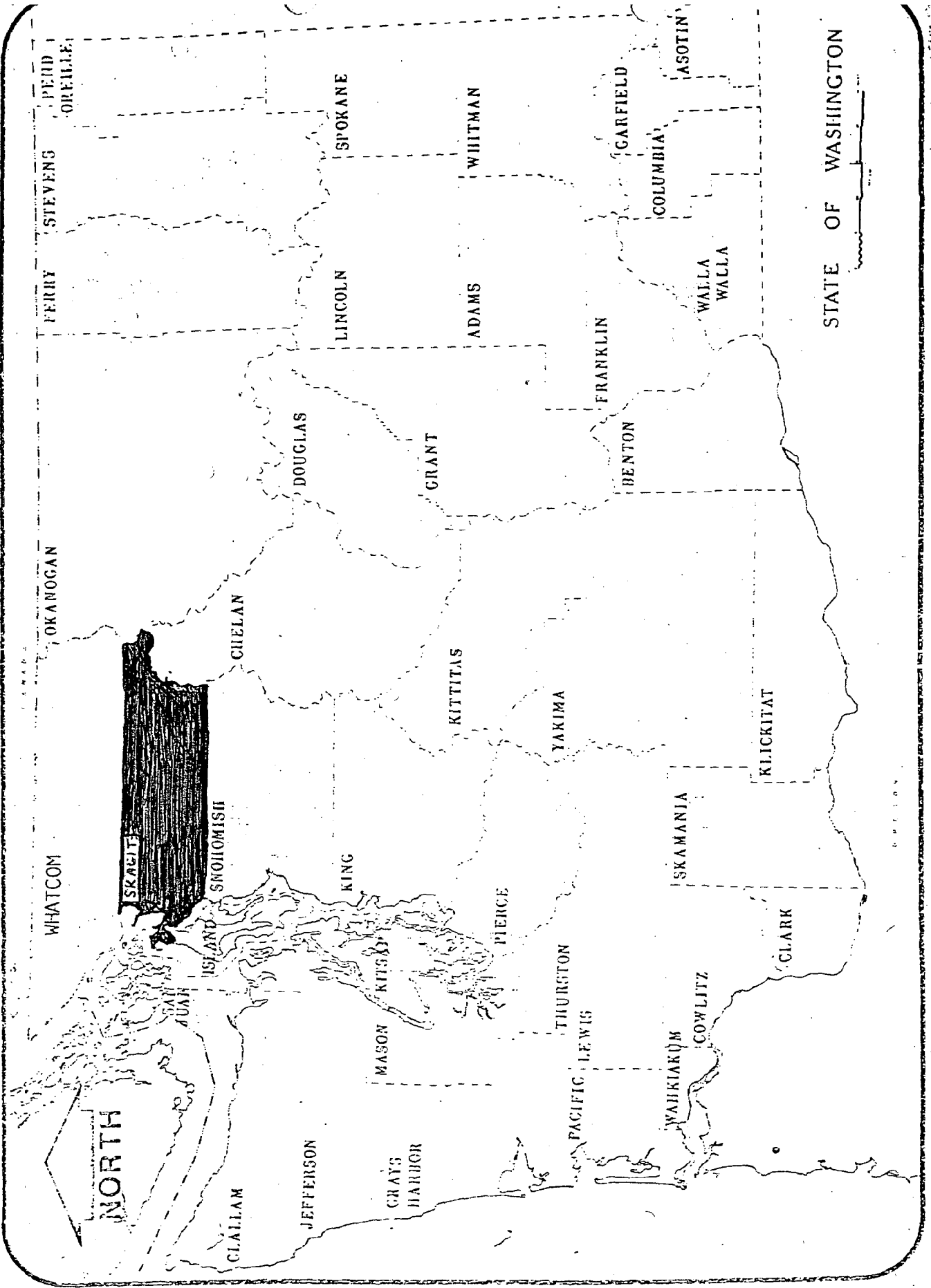
OVERALL ECONOMIC DEVELOPMENT PLAN COMMITTEE
SKAGIT COUNTY

At a meeting of the SRPC Advisory Committee held on June 13, 1978, the OEDP Committee unanimously adopted the following resolution:

RESOLVED, that the Skagit County OEDP Committee after study and review hereby adopts the attached OEDP 1978/79.



Knute Figenshow, President



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PREFACE

This report was prepared by the Skagit Regional Planning Council under a contract with the State Department of Ecology funded through Section 308 of the Coastal Zone Management Act, the Coastal Energy Impact Program. It is one of a series designed to identify the potential impacts of construction of the Skagit Nuclear Plant, and to lead into the adoption of a Comprehensive Community Adjustment Strategy designed to minimize the impacts. This work is designed to give local governments in Skagit County a frame of reference against which to monitor and analyze the impacts of plant construction.

I : FOUNDATION OF THE INVESTMENT STRATEGY

A. SKAGIT COUNTY ECONOMY: NEEDS AND POTENTIALS

1.1.1 Description by Sector and Export Base

Agriculture, Fishing and Food Processing--The county has 86,600 acres of highly productive cropland, over 40 miles of tidelands much of which is suitable for aquaculture, and the largest river system in the Puget Sound. The climate in the central valley is mild. Landuse regulations steer development towards the nonproductive areas of the county and protect the resource from urban encroachment. Increasingly, efficient farming operations, fish enhancement programs, and new fishing techniques will ensure that output continues to expand.

The market value of all agricultural products sold in 1977 was \$57 million, a 120 per cent increase over the 1969 figure of \$26 million. Approximately 1,000 people are employed in agriculture year-round with a total payroll of \$8 million. The dairy industry accounts for 38% of the dollar value of all agriculture products, with livestock, poultry and their products contributing \$6.5 million. The remaining \$28 million is accounted for by crops.

The manufacturing industry based on the fish catch and agricultural produce has a total payroll of \$10 million and an average employment of 1,000. Food processing accounts for almost one-fourth of the county's manufacturing jobs, with many additional workers involved in the distribution of the products. Agriculture, fishing and food processing is the mainstay of the Skagit economy and is likely to remain so for the foreseeable future.

Forestry, Lumber and Wood Products--Three quarters of the county's land area is forest and woodland, with a total of 567,000 acres classified as commercial. Commercial forest land contains an estimated 15,082 million board feet (Scribner Rule) of sawtimber trees. Almost all of this volume is in sawtimber stands, with 20 percent in forest industry lands, 55 percent in National Forest, 13 percent in other public lands, and 12 percent in farms and other private lands.

In 1975 a total of 108 million board feet of timber was harvested, with a total taxable value of \$15.2 million. Much of the timber harvest is processed in Skagit County. 1,200 of the county's 4,200 manufacturing jobs are in lumber and wood processing, with as many as 600 additional workers involved in logging itself and in the distribution of logs, lumber and wood products by road, rail, and sea. The lumber and wood products industry in Skagit County is strong and well established, and with increasing use of new growing techniques, has considerable potential for long-term expansion.

Other Manufacturing--Skagit County has 125 manufacturing firms with an average monthly employment of 4,200. Much of the manufacturing sector is dominated by food and wood processing which have an average monthly employment of 2,200 (1975 figures). However, the county's non-resource-based manufacturing accounts for 2,000 jobs.

The sector is dominated by 3 firms: Skagit Corporation (a division of Bendix), and the Shell and Texaco oil refineries. Skagit Corporation is the county's largest employer; it produces heavy equipment for the logging industry, and drilling equipment for offshore oil exploration.

A number of smaller firms make major contributions to the county's economy. Electronics, publishing and printing, and boat building operations are particularly noteworthy.

Trade and Tourism--Sales in the retail sector are increasing at about 11 percent a year, and totaled \$145 million in 1975. Mount Vernon with its two shopping malls and its revitalized downtown had 50 percent of the county's total retail trade in 1975. Those services covered by sales tax had sales of \$12 million in 1975. Mount Vernon had 40 percent of this figure.

Tourism contributed an estimated \$13 million to sales in the retail and service sectors, 9 percent of the county's sales in these sectors (1975 figures). The impact of tourism on retail sales has been dramatic in certain parts of the county. In La Conner, for instance, tourism was largely responsible for boosting retail sales by 300 percent between 1971 and 1975, to \$11.4 million.

1.1.2 Labor Force Characteristics

Between 1960 and 1970 the workforce grew by only 800. There was, however, a major shift from farming occupations (800 jobs lost) to white collar occupations (1,600 jobs added). Table 1 shows the county's workforce classified by occupation. The county has a larger proportion of workers employed in manufacturing, and less in white collar occupations, than the state average.

Table 1 Workforce by Occupation
(Source: 1970 Census)

<u>Occupation</u>	<u>Numbers Employed</u>
Operatives	2,900
Craftsmen	2,700
Professional & Technical	2,600
Service Workers	2,500
Clerical Workers	2,300
Managers & Administrators	1,600
Laborers, except farm	1,300
Farm workers	1,100
Sales workers	<u>1,100</u>
All Occupations	18,100

Table 2 sets out employment in Skagit County by industry for 1975 and 1977. The 10 percent of the Skagit County workforce that holds jobs outside the county are balanced by an almost equal number of people who travel to Skagit County to work. The average number of people unemployed per month in 1977 was 2,700.

Table 2 Employment in Skagit County by Industry
1975 and 1977

	<u>Average Monthly Employment 1975</u>	<u>Average Monthly Employment 1977</u>
Manufacturing	4,200	4,000
Trade	4,000	4,400
Construction	900	1,600
Services	1,900	2,200
Federal, State & Local Governments	1,100	1,100
Agriculture & Fishing	1,200	1,200
Transportation & Public Utilities	800	800
Finance, Insurance & Real Estate	500	600
Mining	(40)	(20)
Sub-Total	14,600	15,900
Proprietors, self employed & other	4,900	4,900
Total	19,500	20,800

The economically disadvantaged fall into two categories: those who are employed earning low incomes and the unemployed. Approximately 58% of civilian male family heads aged 14-64 years old who were living below the poverty level were employed (1970 Census data). During 1977 annual monthly unemployment totaled 2,700. Unemployment for minorities is not significantly different than for the labor force as a whole (Table 3). Table 4 gives the ethnic composition of the county population: 1970 and 1976.

Table 3 Employment Status by Ethnicity
1975 Annual Average
(Source: Employment Security Department)

	<u>Work Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Rate</u>
White	23,720	20,590	3,136	13.1
Spanish American	450	400	50	10.6
#Other	280	240	40	14.2
Total Minority	730	640	90	12.3
Total Workforce	24,450	21,230	3,226	13.2

#Includes Black, American Indian, and Asian.

Table 4 Population of Selected Ethnic
Categories 1970 & 1976

	1970	1976	% of Total	
			1970	1976
White	50,075	50,752	95.6	95.1
Black	45	54	*	*
American Indian	650	690	1.2	1.3
Asian	134	161	*	*
Spanish American	1,295	1,553	2.5	2.9
Other	182	190	*	*
Total Population	52,381	53,400	100	100

*Less than 1%.

1.1.3 Infrastructure

The transportation network, water system, sewer system, and flood control system are the four infrastructure elements that are crucial to economic development in Skagit County.

Transportation Network--The Port of Anacortes operates a deep water port and both it and the Port of Skagit County operate general aviation airports. The lowland part of the county is well served by railroad which bisects the county north/south and east/west. Intra-county road and ferry links are well developed with Interstate 5, HR 20 linking to Whidbey Island and Okanogan, and State ferries from Anacortes to the San Juans and Sidney, B.C. The Inter county road system is well developed but has three weak links that vitally affect the future of our principal cities: Anacortes, Mount Vernon, Burlington and Sedro Woolley.

Water System--Currently half our total industrial jobs are in food or wood processing, and hence are dependent on the availability of large quantities of water. In recent years the emphasis of our economic development activities has been on developing our countywide water system to protect those jobs we already have and to stimulate further developments in food and wood processing. With EDA assistance: Anacortes has upgraded its water system by adding a treatment plant, new transmission lines and new reservoirs; La Conner has added a new transmission line and reservoir; and, Mount Vernon/Burlington have added a new transmission line. We now have a water system that is adequate for our current and projected water needs.

Sewer System--At this time all our cities except Anacortes have secondary treatment plants, and with the exception of Mount Vernon have the capacity to accommodate projected growth for the next 20 years. Mount Vernon's present plant needs to be expanded. Anacortes needs to resolve its discharge problems without losing the major industrial operations.

Flood Control--Presently the central valley, part of Mount Vernon, part of Sedro Woolley and almost all of Burlington is within the 100 year flood plain, with the present dike and levy system providing between 5 and 8 year flood protection (i.e. protection against a flood that would occur on average every 5 or 8 years). Recent Congressional action is designed to upgrade the present levy system between the mouth of the Skagit and Sedro Woolley to provide 15 year flood protection to the central valley. This will give some measure of protection to our agricultural lands, and efforts are underway to have the Corps of Engineers provide 100 year protection for our existing urban areas. The details of this proposal are outlined in Appendix E, and constitute the basis of our economic development strategy.

1.1.4 Capital Availability

Skagit County is now entering a growth phase after 20 years of stagnation and out-migration. The population growth rate has increased from .2% annually during the 1960's to 4% today. Further, the increased value of the products of our natural resource based economy is stimulating local investment. Then, the construction of the \$3.1 billion Skagit Nuclear Project over the next 8 years will triple the county's present total assessed valuation. We do not appear to lack for private capital in the county as a whole.

However, during construction of the Skagit Nuclear Project we will have problems financing the necessary public improvements and facilities. While in the central and eastern parts of the county the problem will be growth management, in western Skagit County and, more specifically, in Anacortes the problem will be reversing the decline of the industrial base. Private capital availability is the key issue in Anacortes, and this issue will be further addressed.

1.2 Problems

Skagit County with a population of 56,000, as of April, 1977, has 1.6 percent of the state's population and is the 13th largest county in the state. The county has a comparatively stable population with less than 20 percent of the 1970 residents moving into the county during the previous five years. Of these newcomers 5,500 had moved from other parts of the state, 2,500 from elsewhere in the West, 900 from the South, and 1,100 from elsewhere in the U.S. Minorities are under-represented as compared to the state.

Table 5 Population, Land Area, and Density
(1977)

	Population	Land Area (Sq. Miles)	Pop. Per Sq. Mile
Anacortes, City	8,200	7.4	1,108
Burlington, City	3,368	1.2	2,807
Mount Vernon, City	11,021	6.7	1,645
Sedro Woolley, City	5,260	3.1	1,697
Remaining Area	28,151	1716.6	16
County Total	56,000	1735	32

The county's population is slightly older than the state average: 14.0 percent of the county's population are 65 and over against a state figure of 10.4 percent. The county has fewer families with children under six than the state average: 21 percent for Skagit County families against a state figure of 26 percent. Labor force participation by both men and women is lower than the state average: 74 percent against 77 percent for men, and 37 percent against 41 percent for women.

Unemployment and Underemployment--After 20 years of stagnation and decline the county is no longer suffering from outmigration, high bankruptcy rates, undeveloping commercial and industrial properties and population loss. The community is growing, but unemployment and underemployment remain high as: (1) the workforce is growing faster than the supply of jobs; (2) the economy still has a large seasonal fluctuation (Table 6).

Table 6 Skagit County Monthly Unemployment Rates

	<u>% 1978</u>	<u>% 1977</u>	<u>% 1976</u>
January	12.7	14.2	16.6
February	12.3	14.6	14.5
March		13.7	14.5
April		11.7	12.0
May		12.2	11.0
June		11.7	10.8
July		10.3	9.4
August		8.8	8.2
September		7.6	8.0
October		7.1	8.0
November		8.4	9.9
December		9.3	10.9

1.3 Area Opportunities

Natural Resources--Located between Seattle to the south and Vancouver, B.C. to the north, with Snohomish and Whatcom Counties as "buffers", Skagit County has justifiably earned a reputation as a "good place to live". The county has a population of 56,000 and a total area of 1,735 square miles, being 24 miles wide and 94 miles in length.

The city of Mount Vernon, the county seat, is the largest city with a population of 11,600. Together with the cities of Burlington and Sedro Woolley it is the commercial center of a trading area extending northward to Bellingham and Vancouver, Upriver, southward to Everett and Seattle, and westward to Whidbey Island and the San Juans.

The City of Anacortes, already the oil refining, industrial, and shipping center, is rapidly becoming the center for tourist and recreational activities in the region.

The Skagit River flows for 78 miles through Skagit County draining much of the county. The lower valley of the Skagit is a fertile floodplain of over 100,000 acres of productive agricultural land. The market value

of all agricultural products exceeded \$56 million in 1977, and when wages, purchases, and processing are taken into account \$1 in \$3 in the county's economy is an "agricultural dollar". The county has a mild climate with summer temperatures averaging 60^o, and while there is some rainfall and snow in winter months the weather remains generally mild.

Human Resources--The population of the county as of April 1977, was 56,000. Minority groups total 2,648--1,553 are Spanish American, 690 are American Indian, 190 are other minority, 161 are Asian, and 54 are Black. Skagit County has a year-round workforce of about 23,500, although seasonal employment in food processing (1,300), lumber and wood processing (400), and agriculture (2,300) raises the workforce to 27,000 in summer. Registered unemployment drops only as far as 2,400 in summer (9%) and rises to a high of 4,000 in winter (15%). 90% of the county's labor force is employed in the county with: 4% employed in Snohomish County, 3% in Island County, 2% in Whatcom County, and 1% in King County. Proprietors, the self employed, and agriculture workers account for 5,000 of the year-round jobs. Approximately 1/4 of the 15,000 year-round wage and salary workers are in manufacturing, 1/4 are in the wholesale and retail trade, 1/4 in government, and 1/4 in construction, communications, utilities, and other services.

Of people unemployed in 1975, 66% were male, 34% were female. Minorities constituted a larger percent of the unemployed than of the general county population. Few jobs are unfilled for any length of time. Many jobs are filled by word of mouth recruitment. Hard to fill jobs fall into 3 categories: (1) low pay - high turnover, e.g. nurses aides and waitresses, (2) high skill level or specialized degree, e.g. millwright, nurse (constant shortage in nursing homes), and accountant, and (3) lack of experienced applicants, e.g. cook, shake sawyer-packer, and diesel mechanic. Training programs under Title I of the Comprehensive Employment and Training Act (CETA) as well as courses at Skagit Valley College are preparing people to fill some of the positions in category 3, but employers distinguish between training and experience so the jobs often remain vacant until an experienced person is found. More on-the-job training opportunities are needed.

Present trends suggest that the population of the county will reach 62,000 by 1985. Construction of the Skagit Nuclear Project can be expected (on the basis of experience with the oil refineries at March's Point) to raise this estimate to 64,000 by 1985. The housing stock presently has a low vacancy rate, and there is a large demand for low income and elderly housing. The price increases accompanying an influx of construction workers working on the Nuclear Project can be expected to cause severe social disruption.

In 1970, the labor force averaged 22,000. By 1977 this figure had increased to 23,500, a 1,500 gain over a seven-year period. Based on these figures and the population projections to 1985, some 3,000 new jobs will be needed just to accommodate new labor force entrants. To reduce unemployment to a tolerable level, an additional 1,000 jobs will be required, a total of 4,000 jobs.

Financial Resources--We do not appear to lack for private capital in the county as a whole. However, during construction of the Skagit Nuclear Project we will have problems financing the necessary public improvements and facilities. While in the central and eastern parts of the county the

problem will be growth management, in western Skagit County and, more specifically, in Anacortes the problem will be reversing the decline of the industrial base. Private capital availability is the key issue in Anacortes.

Infrastructure--As was outlined in Section 1.1.3, on a countywide basis with certain specified key exceptions we have the necessary water, sewer, and transportation systems and the developed industrial and commercial sites necessary to accommodate projected growth and reduce unemployment. The Skagit Regional Airport at Bayview has 2,000 acres of developed industrially zoned land with all necessary utilities.

Institutions--Together the Skagit Regional Planning Council, the Skagit County Development Association (the OEDP Committee), the Ports of Anacortes and Skagit County have the institutional capacity to achieve our economic development goals and strategy.

1.4 Economic Development 1956-78

The public and private sectors of Skagit County have been coordinating their economic development efforts for over 20 years. The "Economic Base Study of Skagit County" prepared by the University of Washington in 1957 established the context for actions directed at promoting a growing and balanced economy for Skagit County. This context underwent a major re-evaluation in 1972 following the closure of Northern State Hospital (the county's largest employer) in a series of economic development studies on industrial development, agriculture, and tourism development funded by the State Legislature. In recent years the Overall Economic Development Program has become the central focus of local economic development activities, and has been developed in conjunction with countywide land-use and housing plans and programs. The history of our economic development efforts is reviewed in this section.

Economic Base Study of Skagit County (1957)--The report identified a number of changes in the preceding years, e.g. the location of the 2 oil refineries at March's Point and the establishment of a pleasure boat building industry, that shifted the county's economy away from total dependence on raw-material resource orientated industries. It was recognized that little expansion could be expected in the agriculture, fishing, timber, and wood and food processing industries. New job opportunities and increases in standard of living were to come from a diversification of the economic base.

The factors listed as favorable to development were: energy availability, good water resources, excellent port facilities, adequate transportation facilities, abundance of industrial sites, and the high quality of life in Skagit County. The restricting factors were: lack of investment capital for small firms wishing to expand, lack of large labor force with clearly identified skills, tremendous seasonability, and the dislocations caused by major construction activities. The potentials for economic development were seen to lie with: (1) tourism, PROVIDED, high quality facilities, such as motels, hotels, resorts, and marinas, were established and greater access was provided to the tourist attractions; (2) future industrial diversification, PROVIDED, the water distribution and storage system was improved and a detailed inventory of available sites was put together.

Concerted action was seen to be needed in order to provide the greatest benefits to the Skagit community from the changes taking place in the economy of the region. In particular, action would be needed to combat seasonability of employment and encourage industries with constant year-round employment. The need for a long term view of economic development was emphasized.

Over the years the recommendations were modified in the light of changing economic circumstances, and molded into an action program--the Overall Economic Development Plan.

Overall Economic Development Plans (1962-72)--The OEDP process of working and consulting with representatives of all communities and walks of life identified 2 basic economic development needs: (1) the need for major water system improvements, and (2) the need for coordinated efforts to promote and sustain economic development in the county.

The water systems in the La Conner, Burlington/Mount Vernon, and Anacortes areas support the county's food processing industry which has an average annual employment of 1,100. By 1966, these three systems had reached maximum capacity, were faced with increased peak demands for water from the processors, and were being requested to make additional supplies available for industrial development. Successful applications were made to EDA by the Skagit Public Utility District, the City of Anacortes, and the Town of La Conner for grants totalling \$4.1 million to upgrade the county's water system.

EDA support was given at the time it was most needed. La Conner was able to save 400 jobs in food processing by replacing a water transmission line and water storage reservoir that had insufficient capacity and was subject to breakdowns. The Public Utility District was able to increase water supply to the food processors in Burlington and Mount Vernon, to supply new cold storage warehouses, and to provide the capacity needed to develop the "Burlington" and "Riverbend" Industrial Parks. The PUD is no longer in a position where a large demand for water would stretch its financial capability--revenue bonds have been used to finance a water system capable of meeting water needs in the Central Valley for the foreseeable future. Anacortes was able to supply much-needed additional water to its food and wood processing industry (resulting in 200 additional jobs), and provide the capacity needed to develop its industrial park (which currently provides over 800 jobs). This success has proved sufficient incentive for the city to pass a \$2.0 million general obligation bond to finance the next phase of water system development.

EDA funds were used to improve the county's opportunities for the successful establishment and expansion of industrial plants (1,000 new year-round jobs, and seasonal jobs equivalent to 800 year-round jobs were saved), and at the same time to assist in the creation of additional long term employment opportunities (the county now has a water system capable of meeting new industrial development needs).

Assistance was received from the State Department of Commerce and Economic Development to extend water lines to the Bayview Airport, which has 2,000 acres of land that is industrially zoned, and above the floodplain. The Development Association was instrumental in the creation of the Port of Skagit County, which is presently responsible for developing this site for industry.

Following the closure of Northern State Hospital in 1973 and the loss of 425 jobs and a \$5 million annual payroll, EDA funded a research study by the Urban Land Institute. This study drew on the recently collected data, the experience of the Panel, and the ideas of the community, and provided a comprehensive revision of the 1957 position statement together with a new direction. The ULI report set the top priority on the re-opening of Northern State.

Re-opening is now an accomplished fact: a \$4.5 million remodeling project is currently underway with \$1.0 million participation by EDA. This project, instigated by an EDA technical assistance grant to the SRPC, will create a multi-purpose training facility for federal and state programs that will initially generate a \$5 million payroll. The project is described in detail in Appendix A.

A separate technical assistance grant to the Port of Anacortes resulted in the retention of ferry service on the Anacortes to Sidney ferry run, thus saving approximately 300 jobs in our crucial growth industry: tourism. This project is described in detail in Appendix B.

Changes (1956-76)--The 1950's saw the population of Skagit County grow by 8,000 people to 51,300 (a 19% increase). A large part of this growth was "triggered" by the construction of the two oil refineries which each employed about 3,000 people in their peak construction periods in 1954 and 1958. The influx of construction workers and attendant payrolls led to over expansion in the housing and service industry and the completion of the refineries had serious effects on the economy.

Whereas, in the time period between 1950 and 1960 there was a plus or "in" net migration of 2,269, between 1960 and 1970, net migration was minus or "out" of the county of 2,271. The late 1960's saw the closure of the Superior Portland Cement Company (210 jobs were lost), the closure of the Dairygold Milk Plant (80 jobs were lost); and the opening of Draper Valley (75 jobs in poultry processing were gained). Lacking any major stimulus the population increased by only 1,100 between 1960 and 1970: to 52,400 (a 2% increase), the labor force expanded and unemployment increased.

Between 1970 and 1975 the population stabilized with those moving into the county equalling those moving out, and the county's population grew to 53,400.

Expansion of the labor force was partially offset by gains in non-agricultural employment: approximately 2,300 jobs were added, but unemployment still increased by approximately 700. The new jobs came from the retail sector (35%), the service sector (35%), utilities, transportation, and communication (10%), manufacturing (15%), and government (5%). However, unemployment averaged between 11 and 14% annually between 1970 and 1975 with major seasonal fluctuations: it was 17% in January 1976. Significantly, unemployment in recent years has only dropped to about 9% in summer (against a summer average of 4% for the 60's). The inescapable conclusion is that the community is continuing to grow faster than its job opportunities.

Between 1975 and 1985 the population is forecasted to grow by a minimum of 8,000. Construction of the Skagit Nuclear Project will it is estimated "trigger" an additional gain of 2,000 people over the same period. Thus, after 20 years of relative stagnation and depressed economy Skagit County is entering a period of rapid growth last experienced in the late 1950's when the oil refineries were constructed.

In addition to projected increases in permanent population, there are two construction projects proposed by Seattle City Light that would impact Eastern Skagit County and temporarily increase population. The proposed hydroelectric facilities at Copper Creek and High Ross would both involve 2-3 year construction periods, would have peak construction workforces of 400-450, and would because of their inaccessible location require workers to live within the county to be within commuting distance. Local governments in Skagit County are urging City Light to reactivate its work camps at Diablo and Newhalem in order to minimize disruption. The short life of the projects combined with the use of work camps make it unlikely that they will generate significant secondary employment, and the parallel construction of the Skagit Nuclear Project is expected to absorb most of the local construction workers with the workers for the City Light projects temporarily relocating to the county.

B. OVERALL ECONOMIC DEVELOPMENT GOALS AND OBJECTIVES

2.1 Goals

The four basic goals of this OEDP are: (A) assistance to our target population of disadvantaged and unemployed; (B) minimizing the disruption likely to be generated in central and eastern Skagit County by construction of the Skagit Nuclear Project; (C) stabilizing the economic base in western Skagit County (e.g. Anacortes); (D) securing the necessary community/infrastructure improvements to achieve goals 1 to 3. These goals are first described in Section 2.1 and then viewed against the economy and its potential by sectors in order to define objectives in Section 2.2.

2.1.1 Goal A--Assistance to Unemployed and Disadvantaged

Our target group consists of approximately 2,000 unemployed and 1,000 under-employed persons in low income households. In Skagit County minorities and youth are represented in this group of 3,000 in numbers proportionate to their numbers in the county workforce. Improved access of residents to jobs is not a key issue--the overriding issue is the need to create additional local jobs for this target group.

2.1.2 Goal B--Minimization of Disruption Generated by Construction of the SNP

Construction of the Skagit Nuclear Project is scheduled to begin this year, and to build within 4 years to a peak workforce of 3,000. Many of the construction workers will be Skagit County residents, but many will be commuters and will generate traffic and law enforcement problems, and many will relocate into Skagit County putting tremendous strain on existing services. Population pressures will pose a threat to the natural resource based economy, as development will tend to: (1) encroach on the prime agricultural lands on the fringe of existing incorporated areas; (2) make the daily operations of farming and forestry more and more difficult; and (3) remove key skilled workers from industries as those go to work at the Skagit Nuclear Project.

To the extent that growth reaches "Boom Town" proportions it will severely impact the unemployed, underemployed, those on low family incomes, and minorities. Rapid growth will tend to: (1) increase competition for housing, with increasing hardship to those with low family incomes (especially the elderly on low fixed incomes); (2) stretch existing social service delivery systems to the detriment of the unemployed and those on low family incomes dependent on it; and, (3) in a situation where jobs are plentiful divert attention away from the need for job training programs directed towards the needs of the long-term unemployed, underemployed, and minorities; and, (4) to the extent that qualified job seekers are attracted to the county the prospects of rural job seekers and employees will suffer.

The needs of the target group can best be met by quantifying them in the planning, program and budgeting plans prepared and adopted, and then evaluating attainment. The needs of the target groups identified above will be addressed in the Comprehensive Economic Development Strategy process and not overlooked as intensive "boom town" pressures develop. By identifying and quantifying critical factors and including them in the comprehensive planning process an effective CEDS can be developed and promoted.

2.1.3 Goal C--Stabilizing the Economic Base in Anacortes

While in the central and eastern parts of the county the problem will be growth management, in western Skagit County and, more specifically, in Anacortes the problem is one of reversing the decline of the industrial base. Anacortes has just lost 85 jobs at Scott's pulp mill, is facing problems with EPA over secondary treatment, air quality regulations dredging and disposal (necessary for marina expansion), and is having difficulties realizing the full benefits of its industrial park. Anacortes is unlikely to see much benefit from construction of the Skagit Nuclear Project, and needs an economic adjustment strategy to overcome the problems it faces.

2.1.4 Goal D--Community/Infrastructure Improvements

In the following sections the necessity and means of securing the community/infrastructure improvements to achieve goals A to C is examined.

2.2 Objectives

Our goals are viewed against the economy and its potential by sectors in order to define objectives.

2.2.1 Agriculture

Employment in agriculture has been rather steady and stable during the last 14 years, and present indications forecast much the same for the foreseeable future. Year-round employment presently totals about 3,000 with an additional 4,000 jobs during the 2 to 3 month harvesting period. The crucial role of the seasonal workforce is likely to continue for the foreseeable future. However, with continued change in harvesting methods the size of the summer workforce can be expected to decline considerably. Employment in food processing was much the same until 1969 when yearly average employment began to fall off. This is consistent with the closure of two milk processing plants within the county. Despite these closures, the potential is present for increased processing in this area. Growth sectors 1978-88 are expected to be: field crops, poultry, dairy and live-stock farms, greenhouse and horticulture, and meat products.

The objectives are the maintenance of agriculture and the prevention of encroachment on high quality agricultural land, and the development of additional specialized food processing operations.

An additional objective is the provision of 15 year flood protection to agricultural lands (Appendix E).

2.2.2 Commercial

There are currently 2,000 retail and service establishments in the county employing about 6,000 year-round. Sales in the retail sector totaled \$131 million in 1974, and in the service sector totaled \$93 million. Mount Vernon with approximately 1/5 of the county's population has 1/2 of the total retail trade and 1/4 of the total service trade. 60% of the 4,000 new jobs that have been added to the county's total over the past 20 years have come from the commercial sector. Much of this growth took place recently in the North Mount Vernon area with the opening of the malls, one in 1972 and the other in 1973--between January 1972 and December 1973 the county gained 1,000 new jobs in the service and retail sectors (a 20% increase).

Mount Vernon, Burlington, and Sedro Woolley are attracting new enterprises that service the Skagit County Trade Area which extends northward to Bellingham, Upriver, southward to Everett, and westward to North Whidbey Island. Despite the difficulties of developing in the floodplain, the uncertainty surrounding the location and scheduling of a HR 20 bypass for Burlington and Sedro Woolley, extending sewer service south of Burlington, and improving College Way in Mount Vernon, the area is seen as having considerable additional potential as a center for government, personal service, retail, and warehousing and distribution functions.

Mount Vernon is currently absorbing approximately 60% of the population growth that is occurring in the county, and is doing so within its current city limits. This is easing the pressure from development on the agricultural land which is our economic mainstay, and achieving our agricultural objectives. However, the growth rate in Mount Vernon has reached 6% annually, and this is forecasted to continue for the foreseeable future. The greatest strain is being felt by the road network and in particular College Way. This state highway needs to be expanded to 4 lanes to allow further concentrated commercial, industrial, and tourism development to take place along its axis. This expansion is central to our economic development and growth management policies.

Burlington and Sedro Woolley are being hindered in their economic development efforts by the lack of an agreed upon route and construction schedule for establishing an HR 20 bypass to these cities. Further, when construction traffic for the Skagit Nuclear Project funnels through these cities along the existing route the current problems will be greatly magnified. An HR 20 bypass is a vital economic development need.

Anacortes is being hindered in its economic development efforts by the lack of an agreed second route to the west end of town. The present one is overloaded with State ferry traffic and growing local traffic. A new road to the west end is an important economic development need for Anacortes.

The major industrial and commercial expansion area for Sedro Woolley/Burlington/Mount Vernon is the area directly south of the present Burlington City limits, from the Burlington city limits to the Skagit River and the Mount Vernon city limits. This area is zoned commercial and light impact industrial, has excellent access to Interstate 5 and the Burlington Northern Railroad line, and is available from public and private agencies. The development of this area is dependent on the provision of sewers from the City of Burlington, within whose sewer service area it lies. Sewer extension to this area is an important economic development objective.

2.2.3 Manufacturing Industry

There are currently 4,000 year-round manufacturing jobs in the county, and about 1,700 additional jobs in lumber and wood processing (400), and food processing (1,300) in the summer season. Payrolls totalled \$60 million in 1974, which is double the payroll of the wholesale and retail sector which employs about the same number of people.

Over 80% of manufacturing jobs are in 4 sectors: lumber and wood processing (26%), oil refining (19%), logging and oil drilling equipment (21%), and food processing (22%). None of these sectors have grown significantly over the past 10 years. 60% of all year-round manufacturing jobs are with 6 of the 146 manufacturing firms: Anacortes Veneer, Publishers, Shell, Texaco, Snelson Anvil, and Skagit Corporation. These 6 firms are dependent on and subject to regional and international trends and market forces.

Anacortes with 5 of the 6 largest manufacturing firms, 70% of all year-round manufacturing jobs, and an excellent deep water port, is the manufacturing center of the county. It continues to attract many inquiries for water orientated industrial sites in its industrial park. As nearly all the land in the industrial park is currently either occupied or under option, the next most logical place to site water orientated industrial enterprises is in the Swinomish Industrial Park.

Although Skagit County's industrial opportunities are limited, a realistic assessment of the county's assets for industrial development are encouraging. These are: (1) an abundant labor supply, (2) an abundance of water, (3) good rail service, (4) good power service, (5) proximity to deep water shipping, and (6) excellent industrial sites. In particular, the Bayview Airport has outstanding potential for an industrial district: the land is high and well drained, has acceptable slope, and has good access to I-5 and to waterfront facilities, and rail service is close enough along Highway 536 to be brought in at a reasonable cost; abundant water is available. This 2,000 acre site is zoned industrial and owned by the Port of Skagit County. The county has a further 500 acres of industrial zoned property in private lands: 115 acres between Highway 20 and Bayview Airport, 360 acres in 3 sites in Burlington, and 25 acres in small sites in Mount Vernon.

The county's objectives have been and continue to be to do everything possible to consolidate the position within Skagit County of those industrial firms presently located here, and to reverse the decline of the industrial base in Anacortes which has 70% of the county's industrial jobs. An economic adjustment strategy for Anacortes is urgently needed.

2.2.4 Tourism/Travel

Recent years have seen increasing numbers of people passing through the county: 1/2 million riding the ferry to and from B.C. and the San Juans, 1 million people using HR 20 to visit the North Cascades, and all those traveling along I-5 every summer. However, the county lags behind in the provision of tourist facilities, e.g. meeting places, attractions, motels, and restaurants. In 1974 tourist/travel expenditures involving overnight accommodations amounted to \$290 per capita statewide, but only \$192 per capita for Skagit County.

Skagit County has the potential to capture its share of the tourist/travel dollar and resulting jobs. One such possibility was the \$20 million proposal to develop Northern State as a resort with a 200 unit hotel, 400 condominiums, and large scale recreation facilities--when fully operational the resort would employ upward of 300 people. Others include the success of marina developments in and around Fidalgo Island and the recent successful expansion of motel and restaurant facilities.

The long-term goal is to increase the tourist industry to the point where it becomes the major growth industry in the county. If this goal is to be realized the county will have to develop a distinct tourist identity and a tourist promotion strategy. Such an increase in tourist business can only be achieved without conflicting with agriculture if tourist and recreational developments are concentrated in key locations. The convention business will of necessity play a crucial part in increasing revenue. However, tourist/convention centers can only be established and operate successfully in Skagit County if high quality recreational facilities are maintained and supported by county residents, e.g. trails for hiking and biking, water-oriented parks. The county needs first-rate local recreational facilities and programs. These will support concentrated tourist developments which in turn will ensure a fair share of tourist dollars and a better quality of life in the county.

The short-term objectives are: (1) Fidalgo Island should become the boating center for the San Juans. With major expansions in marinas, dock areas, and boat services, it could capture a major part of Seattle's significant boating expenditures. There are few locations in the Pacific Northwest with the unique characteristics of the Ships Harbor site in Anacortes. These are channelization of high volume auto traffic which is intent on leisure and recreation, in a mood to spend money, forced to wait up to an hour for the ferry, and thus totally captive. (2) Marina developments. (3) River related motel and restaurant sites. (4) Roadside improvements and control of signs. (5) Expansion of Steelhead and Sauk Parks. (6) Conference and exhibition centers (Appendix C). The permanent fix to La Conner's First Street is important to the county's tourism development efforts, as is improvements to Sedro Woolley's downtown.

C. LOCAL CAPACITY AND RESOURCES TO ACHIEVE ECONOMIC DEVELOPMENT GOALS AND OBJECTIVES

3.1 Institutional Capacity

The objectives developed in Section B can be grouped into four categories: (1) flood control work; (2) economic adjustment; (3) tourism development; (4) commercial development.

The flood control project outlined in Appendix E is clearly within the purview of Congress, the Corps of Engineers, and Skagit County government.

The economic adjustment needed in Anacortes is a potential EDA/SRPC/City/Port Title IX project.

The tourism development work would more than likely be joint public/private ventures, involving cities/county and chambers of commerce with some federal financing.

The commercial development work would in the case of the road improvements be constructed by the State, and in the case of the sewer extension would be funded through the State Department of Ecology.

3.2 Financial Resources

Local bonding capacity is available for the local share of the flood control, sewer extension, conference center, and economic adjustment projects. The road improvements are dependent on 100% state funding, and the two downtown improvement projects are dependent on 100% federal funding.

The flood control work would need specific authorization and appropriation by Congress, just as the road improvements would need specific authorization and appropriation by the State Legislature. The remaining objectives could be achieved if successful applications were made through the competitive process for discretionary funding from federal agencies.

3.3 Program Tools

The mechanisms to implement the development proposed in this comprehensive economic development strategy are straightforward. They are focused around the taking of concerted local action on our local problems, and drawing on federal and state assistance where available and appropriate.

II FORMULATION OF THE INVESTMENT STRATEGY

A. POLICY DEVELOPMENT

Having developed an assessment of the county's needs and goals, the next step is to adopt specific policies and programs to respond to area needs and capabilities. This will involve the community placing priorities on its goals, and after considering the options this is set-out in the following sections together with the rationale for the choices made.

1. Post Economic Development Policies

The public and private sectors of Skagit County have been coordinating their economic development efforts aimed at promoting a growing and balanced economy for over 20 years. Recently, the Overall Economic Development Program has become the central focus of local economic development activities, and has been developed in conjunction with countywide land-use and housing plans and programs.

It was recognized that little expansion could be expected in the agriculture, fishing, timber and wood and food processing industries. The basic economic development policy was to generate new job opportunities through a diversification of the economic base, specifically through industrial diversification and new industries with constant year round employment. There was a high level of local commitment to this basic policy: the Port of Skagit County was voted into being in 1964 and an economic development council of local chambers actively involved the private sector.

The effort has been only partially effective. Economic development resources had to be directed towards maintaining the natural resource-based economy which needed, and still needs, major assistance to remain economically viable in the face of stringent environmental regulations and their needs for improved infrastructure. Little industrial diversification has taken place, but our natural resource-based economy is strong and with the dramatic increases in the value of the products (food and wood) has supported a major expansion of employment in the tertiary service and retail sectors.

Our long-standing economic policies are still relevant to our current needs and goals. However, we now have to take into account the impact of the Skagit Nuclear Project, proposed for a site near Sedro Woolley in eastern Skagit County.

2. Current Priorities

Our long-standing policies have to be updated to include the impact of construction of the Skagit Nuclear Project on the local economy. While in the central and eastern parts of the county the problem will be growth management, in western Skagit County and Anacortes the problem is our long-standing one of reversing the decline in the industrial base. Our policies have to be updated to reflect these new target areas of attention. Current goals call for: (A) assistance to unemployed and disadvantaged; (B) minimizing disruption generated by construction of the SNP; (C) stabilizing the economic base in Anacortes; (D) community/infrastructure improvements to achieve goals A-C. The basic timetable is established by the construction of the SNP, i.e. through 1990.

B. IDENTIFICATION OF POLICY PRIORITIES

1. Sectors to Receive Attention

The local governmental, business and community leaders have placed the very highest priority on adequate flood control. The proposed flood control project described in Appendix E will be the largest single public works project in the county's history. Following this area of attention is the need to stabilize the industrial base in Anacortes, the priority placed on tourism developments which are seen as "clean dollars", and the need for certain specific infrastructure improvements vital to economic development efforts.

2. Policies to Implement

We are setting out to implement policies directed at: (1) adequate flood control; (2) industrial retention and expansion in Anacortes; (3) service sector developments in concentrated central business district locations with the nature of the developments varying according to the historic/natural character of the area; and, (4) infrastructure improvements necessary to revitalize community business.

C. DEVELOPMENT OF PROGRAM ACTIVITIES

1. Specific Actions to Implement Policy Priorities

The specific actions needed to implement our top policy priority of adequate flood control will include: (i) working with the Corps of Engineers to determine the details of the flood control scheme, (ii) raising the local funding necessary to purchase the rights of way for the levees, (iii) working with our Congressional delegation to secure the necessary authorizations and appropriations.

Actions to stabilize the industrial base in Anacortes are seen to involve first preparing and adopting an Economic Adjustment Strategy with the full participation of Anacortes government, business, and residents. The specific actions to implement the economic adjustment strategy will emerge from the planning/programming process. However, it is apparent that they will include and emphasize business development projects (perhaps including Technical Assistance, loans and loan guarantees) and tourism development as opposed to industrial park and CBD development (two projects which have recently been completed).

Service sector growth linked to our CBD's will evolve around tourism development, and CBD revitalization. Anacortes, La Conner, and Sedro Woolley are the areas that have been identified as having the greatest potential for tourism development. Both La Conner and Sedro Woolley require CBD improvements to maximize their potential, and both are in the preliminary design stage. Within the next 1-2 years they will be ready to raise the necessary capital improvement funds.

Infrastructure improvements necessary to revitalize community business focus on expansion of the road and sewer networks, and depend on action by federal and state agencies. The specific actions needed to implement them will be established then as countywide priorities, and focusing public attention and effort towards them.

2. Project Evaluation Criteria

The criterion for evaluating progress on Goal A--Assistance to Unemployed and Disadvantaged--will be the number of jobs saved/created for our designated target population of 2,000 unemployed and 1,000 under-employed persons in low income households. The criteria for evaluating progress on Goal B--Minimization of Disruption Generated by Construction of the SNP--will be: (a) extent of necessary front-end public sector investments in the severely impacted areas, (b) extent to which the necessary job training programs expand to meet the demand generated by construction of the SNP, and (c) the degree to which infrastructure improvements have long-term benefits for economic development that extend beyond construction of the SNP. The criteria for evaluating progress on Goal C--Stabilizing the Economic Base in Anacortes--will be: (a) leveraging private investment, and (b) the number of jobs saved. The criteria for Goal D--Community/Infrastructure Improvements--(a) the extent to which local persons are utilized in construction projects, (b) the degree to which congestion would be relieved, and (c) will include all those listed in this section of goals A-C.

D. IDENTIFICATION OF SPECIFIC PROJECTS

The specific projects which reinforce the priorities of the area are listed in priority order in Table D, together with timing, costs (where available), sources of funding, and justification of projects in terms of goals and strategies. This listing contains all projects regardless of funding source which are relevant to the CEDS.

Table D

Priority Number	Project	Goal(s) Letter	Lead Agency	Funding Sources	Approximate Cost	Timing
1	Lower Levee Flood Control	A & D	County	Corps of Engineers/	\$27 m	1979-8
2	Anacortes Title IX	C	SRPC	EDA	\$30,000	1978/7
3	College Way to 4 Lanes	A,B,&C	City of Mount Vernon	State		1978
3	New Road to West End	A,C,&D	City of Anacortes	State	\$2 m	1978
3	HR-20 Bypass to Burlington & Sedro Woolley	A,B,&D	County	State		1980
3*	Conference Center	A,B,&D	County	FmHA/EDA County	\$3 m	1979/8
3	First Street Permanent Fix	A & D	Town of La Conner	Corps of Engineers/EDA	\$1.3 m	1981/8
4	Marina Expansion	A,C,&D	Port of Anacortes			1979/8
4	Downtown Improvements	A,B,&D	City of Sedro Woolley	HUD	\$100,000	1978/7
4	Sewer Extension	A,B,&D	City of Burlington	City	\$600,000	1979/8
5	Anacortes Water System	A,B,&D	City of Anacortes	EDA	\$426,000	1979

*This project is the only capital project being put forward for EDA funding. It involves:

\$2,000,000	FmHA loan repaid from motel tax (County)
800,000	EDA Grant
200,000	Local In-Kind Match (land value)
\$3,000,000	Total

Extent to Which the Projects Meet the Evaluation Criteria

The lower Levee Flood Control Project will provide 100 year protection to existing urban areas thus enabling further industrial and commercial expansion in low-lying and underdeveloped lands. The alternatives are "no action" and "countywide 100 year flood protection". However, the former creates no new jobs, and the latter would encourage sprawl and threaten our agricultural industry which is the mainstay of our local economy. The proposed project is the preferred alternative because it will: (1) generate new jobs for our unemployed and disadvantaged and save jobs in our agricultural industry (Goal A); (2) remove the flood control threat/problem from our urban areas; (3) relieve congestion in existing urban areas by permitting expansion; (4) generate construction employment for local persons; and, (5) create vitally needed economic development.

The Anacortes Title IX Project will enable Anacortes to respond to its economic development problems (described in Appendix D) and hopefully will result in projects that will save the 800 jobs presently threatened and replace some of the 1,500 jobs recently lost from closures and shutdowns. The single alternative is no action and this would only further compound existing economic development problems. The proposed project is the preferred alternative. It will stabilize the economic base in Anacortes (Goal C) by leveraging private investment and saving jobs.

The "College Way Expansion to Four Lanes" (Mount Vernon), the "New Road to the West End (Anacortes), and the "HR20 Bypass to Burlington and Sedro Woolley" Projects will: (1) relieve congestion and employ local persons in their construction thus achieving Goal D; (2) permit commercial and industrial expansion which is currently inhibited by rejection of planning permission based on inadequate access thus creating additional employment for the unemployed and disadvantaged (Goal A); and, (3) enhance the long-term economic development potential of the county (Goal G). The alternative to each project is no action but this would create no new jobs, and would encourage sprawl and threaten our agricultural industry which is the mainstay of our local economy.

The "Conference Center" (Mount Vernon), "First Street Permanent Fix" (La Conner), "Marina Expansion" (Anacortes), and "Downtown Improvements" (Sedro Woolley) Projects will create new jobs in the retail and service sectors by encouraging tourism, which is our preferred economic development mechanism. The alternatives are no action, and alternative projects. The former will create no new jobs, and as to the latter these projects have been identified as the ones that offer the greatest opportunity to generate new jobs for our unemployed and disadvantaged (Goal A), to result in long-term benefits for economic development (Goal G), and generate construction employment for local persons (Goal D).

The Burlington Sewer Extension and the Anacortes Water System Improvement Projects have some potential to create new jobs in the industrial and commercial sectors and thus to generate new jobs for our unemployed and disadvantaged (Goal A), to result in long term benefits for economic development (Goal G), and to generate construction employment for local persons (Goal D). The alternatives are no action, and alternative projects. The former will create no new jobs, and as to the latter these projects have been identified as the ones that offer opportunity to achieve our goals.

Methodology Used to Identify Specific Projects

Each general and special purpose unit of local government in Skagit County was asked to submit economic development projects that they felt were "fundable". At the same point in time, SRPC staff discussed the criteria used by EDA to determine "fundable" with interested agencies, the OEDP Committee, and the SRPC. As a result of this process a limited number of economic development projects were agreed to be feasible and fundable.

Following this initial filtering process, priorities were established by the OEDP Committee using a trade-off/consensus approach. The final prioritized list of projects established by the OEDP Committee was adopted by the SRPC without change. This occurred because key members of the SRPC were also members of the OEDP Committee and because a number of community leaders were on the OEDP Committee.

If this OEDP were to be accepted as part of the CEDS demonstration program, a much improved project list would be developed; criteria would be more clearly defined; a numerical prioritization system would be developed that directly links to the goals and criteria; and the decision makers would have an improved methodology for screening projects against the agreed criteria. However, at this point in time it is not considered either reasonable or feasible to prioritize or weight the four goals.

E. COORDINATION AND MANAGEMENT OF THE INVESTMENT STRATEGY

The investment program is to be coordinated between participating institutions at the neighborhood, local, regional, state, and federal levels through the Skagit Regional Planning Council. The SRPC is a council of governments composed of general and special purpose units of local government from all parts of Skagit County. Private sector participation is being and will continue to be secured through the OEDP Committee, with commitments being linked to the lead agency identified in Table D.

The data base, policies and projects set out in this CEDS are consistent with: those contained in our HUD approved land-use and housing elements (i.e. countywide plans) and our community development programs; the plans of our Local Employment and Training Advisory Council that are prepared for DOL (consistency is based on SRPC elected and staff representation and use of our OEDP as the base for the LETAC plans); the SRPC's public and private transportation plans for DOT and UMTA; and, those utilized by the SRPC members in their local plans and programs. While the relationship between this investment strategy and other local and regional plans and programs and between it and other federal agency development activities is strong and cemented by the A-95 review process, the relationship between it and state plans and programs is weak in many crucial areas.

F. EVIDENCE OF COMMITMENT TO THE DEVELOPMENT STRATEGY

This strategy was formulated by the OEDP Committee which is representative of the local community and includes the local business, community, and political leadership. Concurrence with the policies and program activities is demonstrated by the cover letter to this CEDS/OEDP which is signed jointly by the OEDP Committee Chairman and the SRPC Chairman, following official action of both bodies.

Each of the projects listed in Table D is being developed by local staff. As all the projects are in only the preliminary stage appropriately this is the extent of local budgetary commitment to the policies, programs, and projects. However, each of the 10 projects listed in this CEDS has been approved in principle by the local lead agency and the Skagit Regional Planning Council, and preliminary approaches have been made to the appropriate federal and state agencies.

APPENDIX A--NORTHERN STATE

ECONOMIC IMPACT OF CLOSURE OF NORTHERN STATE 1973

1970/71/72 saw a turn-around in the local economy after almost a decade of economic stagnation, high unemployment and out-migration. Between 1970 and 1972 the county added 1,450 jobs after adding an average of 220 wage and salary jobs a year during the 1960's, total payroll increased by 25%, and the annual unemployment rate dropped from 3% (average for the 1960's) to 2% above the average for the state. This growth was based on a moderate expansion in the county's resource-based industries which in turn stimulated the trade and service sectors.

The closure of Northern State Hospital in 1973 removed a \$5 million plus payroll from the local economy, caused a direct loss of 424 jobs in the government sector, and had an adverse impact on the lives of many of those who were employed there. Table 4 shows the areas hardest hit.

Table 4--Employees salaries by areas for 1970
in \$ millions (number on staff 12/31/70, 627)

Area	Payroll (\$ million)
Sedro Woolley	3.0
Mount Vernon	.8
Burlington	.6
Whatcom County	.4
Anacortes	.2
All other areas	.2
Total All Areas	5.2

The effects of closure on the local economy were to a limited extent "cushioned" by major construction activity during 1973, when this sector employed 600 more than it did during 1970, 71 or 72. Continuance of this construction activity at 300 more than the 1970-72 average partially offset negative impacts during 1974 and then during 1975, when employment in the construction industry had returned to the 1970-72 levels, expansion in trade took up some of the slack.

However, over the long term, closure has had a severely detrimental effect. Between 1973 and 1975 Skagit County recorded a net loss of 200 jobs, while the population grew by 1,000 (after allowing for out-migration of 600 patients from Northern State). The community grew faster than the supply of jobs and produced an annual unemployment rate of 12% during 1974 and 1975. The 424 jobs at Northern State were the critical factor in causing this imbalance. Their replacement is the top priority of the county's economic development program.

NORTHERN STATE REOPENS (1978)

1978 saw the re-opening of Northern State as a multi-service facility intended to house both federal and state agencies and programs.

The Skagit Regional Planning Council played an important role in the effort to re-open the facility. In January 1977, the SRPC was awarded a \$55,000 grant by the federal Economic Development Administration to study the feasibility of re-opening Northern State. The grant was secured through the efforts of our Congressional delegation.

The SRPC shaped the study funds into an action program. Through the efforts of our State delegation the Legislature agreed to participate in the effort, contributing \$14,000. The SRPC contributed \$5,000 and their Northern State Citizens Advisory Group donated \$1,000 of volunteer time. In total \$75,000 was put into the year long action program.

In January, the architectural/engineering firm of Mann, Millegan, Morse and Ramsey was hired to identify the condition of the buildings at Northern State and the supporting infrastructure, and to establish the cost of converting the facility to a broad range of feasible uses. In parallel to this work the Northern State Citizens Advisory Group held meetings with real estate brokers, federal and state officials, and representatives of local interest groups. The Northern State Engineering Report, May 1977, established that 400 jobs and a \$5 million payroll had been lost and not replaced when the facility closed in 1973; the facility could be converted to social service type uses for 1/3 to 1/2 the cost of building new; the local preference was for a re-opening with combination of federal and state social service type programs so as to minimize our dependence on policy changes.

The Governor used this report to support her decision to re-open the facility, the State legislature appropriated \$1.5 million for remodeling, and federal agencies committed \$2 million to capital improvements. Currently the facility houses 100 members of federal Young Adult Conservation Corps and this non-residential program is projected to increase to 400 when the program goes statewide and residential in March 1979. The YACC camp will share the facility with 2 State Department of Social and Health Service centers: a residential alcohol treatment program and a residential mental health program.

In December 1977, the SRPC completed work on a Space Allocation and Capital Improvement Plan for Northern State that establishes which agencies will use which buildings and what their capital and operating costs will be. This plan is being used as the basis

for leases, remodelling contracts and program implementation. The action program has been successful, Northern State has re-opened, and the committed new payroll exceeds \$5 million, with 50% of the remaining floorspace expected to be utilized for additional programs in coming months.

The SRPC is now working with Skagit Valley College to ensure that local people are trained for the new job opportunities, and with the Young Adult Conservation Corps to upgrade and develop the local parks system.

APPENDIX B

FERRY SERVICE BETWEEN ANACORTES AND SIDNEY - STATUS REPORT

During 1977 the Washington State Ferry System announced the termination in June of that year of service on the Anacortes to Sidney ferry run. However, when a private group expressed interest in operating this ferry run the State continued service until the end of the year to give the group time to pick up the run without suffering the effects of a break in service. The State also raised fares by approximately 30% and shifted from a 160 car ferry to a 100 car one. The private group's failure to implement their proposal became apparent in October 1977.

At this stage an Anacortes Chamber of Commerce group began an effort to raise federal funds to buy the additional vessel the State said they needed in order to continue the run. Moneys were raised from Anacortes' businesses, local government in Skagit County, and from Sidney and Victoria Chambers. The amount raised was enough to "match" an EDA Technical Assistance grant of \$15,000. The total was used to document the economic impact of cancellation, to identify a suitable vessel that could be purchased (in Finland), to attempt to secure the necessary \$3.5 million purchase price from the federal government, and, when this failed, to persuade the State to purchase the additional ferry.

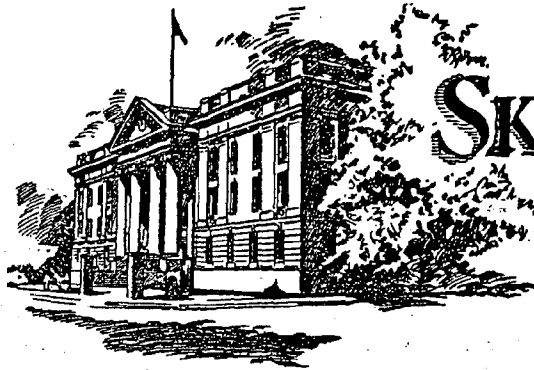
This effort was sufficient to secure a second extension to June 1, 1978. In the 15 months since the decision to terminate service was taken the situation of the State Ferry System had changed: (1) there were 6 new 100 car ferries on order; (2) the Anacortes/Sidney run after the fare increase was a large net revenue generator; (3) the State reorganized its transportation department; and, (4) the political climate had changed. So, when the State was asked to continue service by purchasing a vessel they declined, but agreed to continue using the existing fleet and "making do" till the new vessels are available.

The State has agreed to continue service on the Anacortes to Sidney ferry run indefinitely.

JERRY L. MANSFIELD
FIRST DISTRICT

BUD NORRIS
SECOND DISTRICT

HOWARD MILLER
THIRD DISTRICT



SKAGIT COUNTY

BOARD OF COMMISSIONERS

Mount Vernon, Washington 98273

(206) 336-9300

May 8, 1978

Skagit Regional Planning Council
Advisory Group
#4 Rio Vista Plaza
145 W. Rio Vista
Burlington, Washington 98233

Gentlemen:

The Skagit County Board of Commissioners have considered your letter of April 28, and submits the following for consideration by the advisory group:

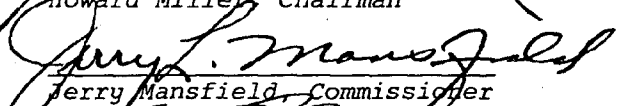
The County Parks and Recreation Department is currently developing a comprehensive assessment of the recreation needs of county residents, and the preliminary findings indicate the need for a large, central sports complex that includes a swimming pool. It is the view of this Board that this complex should be combined with the convention center proposed in the 1977/78 Overall Economic Development Plan. The revenue we have been accumulating in our convention center/stadium fund would appropriately go towards a joint sports/pool/conference complex.

In order to move ahead with this proposal we would like to see your group give priority to an application for EDA funds for \$800,000.00 that would go towards the convention center portion of the proposed complex. The application, with its tremendous potential to generate permanent private sector jobs in tourism, should make it attractive to EDA. In order to move the project forward you can list this project as a possible one for the Skagit County Board of Commissioners.

We look forward to your recommendation on this matter.

Sincerely,


Howard Miller, Chairman


Jerry Mansfield, Commissioner


Bud Norris, Commissioner

HM/cv

APPENDIX D--TITLE IX PROPOSAL FOR ANACORTES

Anacortes has lost 1,500 industrial jobs following the shut-down of Snelson-Anvil's gas and manufacturing module operation late in 1977, and closure of Scott's Pulp and Paper Plant in April this year. This loss could not have occurred at a worse time for Anacortes and Skagit County. The future of the remaining industrial jobs is clouded in uncertainty due to the actions of the federal government.

Anacortes is the manufacturing center of Skagit County: in mid-1977 it had 5 of the 6 largest manufacturing firms and 70% of all year round manufacturing jobs. Even before the loss of the 1,500 jobs in Anacortes unemployment in the county was high, with the average unemployment rate in 1977 set at 13.3%. On top of recent losses Anacortes is faced with losing 800 jobs in fishing, food processing and wood processing.

The decisions of federal judge George Bolt have had serious impacts on Anacortes' long-established fishing industry. Not only is the availability of the resource in question but the major fish processors (Whitney-Fidalgo and Fishermans Packing) have liquid waste disposal problems. These problems are tied up with the City of Anacortes' request to EPA for a waiver on their requirement for secondary treatment. EPA's air pollution requirements are crucial to the future of Publishers Forest Products' plant.

Anacortes lost the jobs at Scott's plant due to a combination of factors one of which was the cost of compliance with federal environmental regulations. These and other federal regulations and actions will determine the future of Anacortes' industries.

Anacortes urgently needs an Economic Adjustment Strategy to be developed and implemented.

ALTERNATIVE 3 - LEVEE AND CHANNEL IMPROVEMENTS Appendix E AND URBAN LEVEES

DESCRIPTION: This alternative would include the improvements described by alternative 2 and in addition would provide a high degree (100-year) of flood protection to the urban area of Burlington and Mount Vernon by a high levee system. Three feet of freeboard would be used on the high levees. Drainage outlets and pumping stations would be provided as required. Flood plain management would continue to be required for those areas lying outside the high levees. This would include zoning, flood proofing of future structures, the flood warning system, etc. Undeveloped lands could be used for parks and open space.

Implementation costs.

Federal	\$27,000,000 - 53,000,000	(preliminary estimate-not based on detailed studies)
Local	\$ 3,000,000 - 7,000,000	

Annual management costs

Federal	None
Local	\$50,000 - 70,000

EFFECTS:

Flood Damage Reduction: The 5,200 acres of urban land protected by the high levees would receive a high degree (100 years) of flood protection. The rest of the flood plain would be provided a lower degree of protection (about 11 years).

People: Residents of the Skagit delta would experience a reduction in annual flood damages and hazards to life and property with those in Burlington and Mount Vernon receiving a significant reduction.

Land: Flood plain lands with a high degree of protection could be more intensively developed.

Recreation: Increased recreational opportunities are possible with future park development by local interests on flood-prone lands or land adjacent to the high levee.

Transportation: Road, highway, and rail traffic outside the high levee would continue to be disrupted during floods.

Water Quality: Construction activities such as removal of river bank vegetation and channel modifications would cause temporary increases in turbidity and could affect other parameters. Development could increase in flood protected area. Impact to water quality during flooding would be reduced.

Fish and Wildlife: Habitat would be reduced due to streambank vegetation clearing and channel modifications including loss of cover, shade, and food resources. The high levees could cause increased encroachment on near shore instream habitat. Secondary impacts may occur as a result of increased development. Temporary effects would be associated with construction activities. Project could affect the State Game and the bald eagle which occurs in the area and has recently been added to the National endangered and threatened species list.

Cultural Resources: Historic or archaeological sites might be adversely affected.

